

AMENDED IN ASSEMBLY AUGUST 18, 2003

AMENDED IN ASSEMBLY JULY 14, 2003

AMENDED IN ASSEMBLY JULY 2, 2003

AMENDED IN SENATE MAY 1, 2003

SENATE BILL

No. 814

Introduced by Senator Vincent

February 21, 2003

An act to amend Sections 19801, 19876, 19962, and 19963 of the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 814, as amended, Vincent. Gambling.

(1) Existing law regulates legal gaming in California and provides that until January 1, 2007, a governing body and the electors of a county, city, or city and county, which have not authorized legal gaming prior to January 1, 1996, may not authorize or expand legal gaming. Existing law also prohibits, until January 1, 2007, the California Gambling Control Commission from issuing a gambling license for a gambling establishment that was not licensed to operate in December 31, 1999, except as specified.

This bill would extend the operative dates of those provisions until January 1, 2010, as specified. The bill would also make nonsubstantive changes to a related provision.

(2) Existing law provides that the California Gambling Control Commission may grant or deny licenses to corporations, and requires that a license be renewed annually, as specified.

This bill would permit the commission to renew a license for a longer period, not to exceed 5 2 years. The bill would also provide that a license that is renewed for a period longer than one year shall be reviewed by the commission, and may be amended to be for one year, upon the commission's order.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19801 of the Business and Professions
2 Code is amended to read:
3 19801. The Legislature hereby finds and declares all of the
4 following:
5 (a) The longstanding public policy of this state disfavors the
6 business of gambling. State law prohibits commercially operated
7 lotteries, banked or percentage games, and gambling machines,
8 and strictly regulates parimutuel wagering on horse racing. To the
9 extent that state law categorically prohibits certain forms of
10 gambling and prohibits gambling devices, nothing herein shall be
11 construed, in any manner, to reflect a legislative intent to relax
12 those prohibitions.
13 (b) Gambling can become addictive and is not an activity to be
14 promoted or legitimized as entertainment for children and
15 families.
16 (c) (1) Unregulated gambling enterprises are inimical to the
17 public health, safety, welfare, and good order. Accordingly, no
18 person in this state has a right to operate a gambling enterprise
19 except as may be expressly permitted by the laws of this state and
20 by the ordinances of local governmental bodies.
21 (2) The State of California has permitted the operation of
22 gambling establishments for more than one hundred years.
23 Gambling establishments were first regulated by the State of
24 California pursuant to legislation which was enacted in 1984.
25 Gambling establishments currently employ more than twenty
26 thousand people in the State of California, and contribute more
27 than one hundred million dollars in taxes and fees to California's
28 government. Gambling establishments are lawful enterprises in
29 the State of California, and are entitled to full protection of the
30 laws of this state. The industry is currently in significant decline,

1 with more than half the gambling establishments in this state
2 closing within the past four years.

3 (d) It is the policy of this state that gambling activities that are
4 not expressly prohibited or regulated by state law may be
5 prohibited or regulated by local government. Moreover, it is the
6 policy of this state that no new gambling establishment may be
7 opened in a city, county, or city and county in which a gambling
8 establishment was not operating on and before January 1, 1984,
9 except upon the affirmative vote of the electors of that city, county,
10 or city and county.

11 (e) It is not the purpose of this chapter to expand opportunities
12 for gambling, or to create any right to operate a gambling
13 enterprise in this state or to have a financial interest in any
14 gambling enterprise. Rather, it is the purpose of this chapter to
15 regulate businesses that offer otherwise lawful forms of gambling
16 games.

17 (f) Public trust that permissible gambling will not endanger
18 public health, safety, or welfare requires that comprehensive
19 measures be enacted to ensure that gambling is free from criminal
20 and corruptive elements, that it is conducted honestly and
21 competitively, and that it is conducted in suitable locations.

22 (g) Public trust and confidence can only be maintained by strict
23 and comprehensive regulation of all persons, locations, practices,
24 associations, and activities related to the operation of lawful
25 gambling establishments and the manufacture and distribution of
26 permissible gambling equipment.

27 (h) All gambling operations, all persons having a significant
28 involvement in gambling operations, all establishments where
29 gambling is conducted, and all manufacturers, sellers, and
30 distributors of gambling equipment must be licensed and regulated
31 to protect the public health, safety, and general welfare of the
32 residents of this state as an exercise of the police powers of the
33 state.

34 (i) To ensure that gambling is conducted honestly,
35 competitively, and free of criminal and corruptive elements, all
36 licensed gambling establishments in this state must remain open
37 to the general public and the access of the general public to
38 licensed gambling activities must not be restricted in any manner,
39 except as provided by the Legislature. However, subject to state
40 and federal prohibitions against discrimination, nothing herein



1 shall be construed to preclude exclusion of unsuitable persons
2 from licensed gambling establishments in the exercise of
3 reasonable business judgment.

4 (j) In order to effectuate state policy as declared herein, it is
5 necessary that gambling establishments, activities, and equipment
6 be licensed, that persons participating in those activities be
7 licensed or registered, that certain transactions, events, and
8 processes involving gambling establishments and owners of
9 gambling establishments be subject to prior approval or
10 permission, that unsuitable persons not be permitted to associate
11 with gambling activities or gambling establishments, and that
12 gambling activities take place only in suitable locations. Any
13 license or permit issued, or other approval granted pursuant to this
14 chapter, is declared to be a revocable privilege, and no holder
15 acquires any vested right therein or thereunder.

16 (k) The location of lawful gambling premises, the hours of
17 operation of those premises, the number of tables permitted in
18 those premises, and wagering limits in permissible games
19 conducted in those premises are proper subjects for regulation by
20 local governmental bodies. However, consideration of those same
21 subjects by a state regulatory agency, as specified in this chapter,
22 is warranted when local governmental regulation respecting those
23 subjects is inadequate or the regulation fails to safeguard the
24 legitimate interests of residents in other governmental
25 jurisdictions.

26 (l) The exclusion or ejection of certain persons from gambling
27 establishments is necessary to effectuate the policies of this
28 chapter and to maintain effectively the strict regulation of licensed
29 gambling.

30 (m) Records and reports of cash and credit transactions
31 involving gambling establishments may have a high degree of
32 usefulness in criminal and regulatory investigations and,
33 therefore, licensed gambling operators may be required to keep
34 records and make reports concerning significant cash and credit
35 transactions.

36 SEC. 2. Section 19876 of the Business and Professions Code
37 is amended to read:

38 19876. (a) Subject to the power of the commission to deny,
39 revoke, suspend, condition, or limit any license, as provided in this
40 chapter, a license shall be renewed annually, or for a longer period

that the commission may set, not to exceed ~~five~~ *two* years, by the commission from the date of issuance, upon proper application for renewal and payment of state license fees as required by statute or regulation. Any license that is renewed for a period *of* longer than one year shall be reviewed by the commission, and may be amended to be for one year, upon order of the commission. *All licensees shall pay the annual gambling license fee, regardless of the renewal term.*

(b) An application for renewal of a gambling license shall be filed by the owner licensee with the commission no later than 120 calendar days prior to the expiration of the current license. The commission shall act upon any application for renewal prior to the date of expiration of the current license. Upon renewal of any owner license, the commission shall issue an appropriate renewal certificate or validating device or sticker.

(c) Unless the commission determines otherwise, renewal of an owner's gambling license shall be deemed to effectuate the renewal of every other gambling license endorsed thereon.

(d) In addition to the penalties provided by law, any owner licensee who deals, operates, carries on, conducts, maintains, or exposes for play any gambling game after the expiration date of the gambling license is liable to the state for all license fees and penalties that would have been due upon renewal.

(e) If an owner licensee fails to renew the gambling license as provided in this chapter, the commission may order the immediate closure of the premises and a cessation of all gambling activity therein until the license is renewed.

SEC. 3. Section 19962 of the Business and Professions Code is amended to read:

19962. (a) On and after the effective date of this chapter, neither the governing body nor the electors of a county, city, or city and county that has not authorized legal gaming within its boundaries prior to January 1, 1996, shall authorize legal gaming.

(b) ~~No~~ An ordinance in effect on January 1, 1996, that authorizes legal gaming within a city, county, or city and county ~~may not~~ be amended to expand gaming in that jurisdiction beyond that permitted on January 1, 1996.

(c) This section shall remain operative only until January 1, 2010, and as of that date is repealed.

1 SEC. 4. Section 19963 of the Business and Professions Code
2 is amended to read:

3 19963. (a) In addition to any other limitations on the
4 expansion of gambling imposed by Section 19962 or any
5 provision of this chapter, the commission~~shall~~ *may* not issue a
6 gambling license for a gambling establishment that was not
7 licensed to operate on December 31, 1999, unless an application
8 to operate that establishment was on file with the division prior to
9 September 1, 2000.

10 (b) This section shall remain in effect only until January 1,
11 2010, and as of that date is repealed, unless a later enacted statute,
12 that is enacted before January 1, 2010, deletes or extends that date.

